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UNCLAS KUWAIT 000437

SIPDIS

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DEPT FOR NEA/ARP AND SCA/PAB

E.O. 12958: N/A
TAGS: [EAID](#) [PREL](#) [PGOV](#) [KU](#) [PK](#)
SUBJECT: TAKING STOCK OF INTERNATIONAL ASSISTANCE TO
PAKISTAN: KUWAIT RESPONSE

REF: SECSTATE 29860

¶1. The following is Post's response to questions from reftel based on recent exchanges with Waleed Al-Bahar, Regional Manager for Central Asian and European Countries for the Kuwait Fund for Arab Economic Development (KFAED). (Note: The Kuwait Fund is the GOK's foreign assistance agency. It manages overseas development projects and administers foreign assistance grants and loans on behalf of the GOK. Its chairman is the Kuwaiti Foreign Minister.

¶2. In 2007, KFAED launched two new projects in Pakistan: the USD 39 million Golen-Gol hydropower project and the USD 17.5 million Second Rural Electrification Project in Baluchistan Province. KFAED also has three additional active projects in Pakistan: the USD 62 million Secondary Transmission Lines and Grid Stations Project in Baluchistan Project from 1996, the USD 60 million Transmission Line from Ghazi Barotha Hydro-electric Station Project from 1998, and the USD 30 million Lyari Expressway Project from 2005. KFAED is also currently working with the Pakistani government to plan a schools construction project using the USD 50 million it committed for earthquake relief in 2005. These active commitments significantly exceed the Fund's level of commitments to Pakistan in each of the years prior to 2005. Al-Bahar asserted that KFAED is eager to become more active in Pakistan.

¶3. Since 1976, KFAED has committed roughly USD 380 million to finance a total of 15 major projects in Pakistan, with a focus on energy, water, and transportation infrastructure. Each of these projects is financed by roughly a 50-50 mix of grants and soft (3-4% interest) loans. KFAED cooperates with the Government of Pakistan on all of these projects, and sometimes jointly funds projects with the Islamic Development Bank and the Saudi Fund. KFAED generally prefers to operate on a bilateral basis but is willing to cooperate with other institutions as needed.

¶4. Kuwait is currently providing no assistance to Pakistan in the form of debt relief or rescheduling.

¶5. The Fund tries to tie as much of its assistance as possible to purchases of host country goods and services. While trying to control costs through international competitive bidding, it grants a margin of preference to local contractors and suppliers when awarding contracts.

¶6. Worldwide, KFAED's operations have been focused primarily on agriculture and irrigation, transport and communications, energy, industry, and water and sewage.

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